

Office Q1 2022

	YoY Chg	12-Mo. Forecast
9.0% Vacancy Rate	▲	▼
124K Net Absorption, SF	▲	▲
\$26.32 Asking Rent, PSF	▲	▲

(Overall, All Property Classes, Minimum 10,000 SF RBA)

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
116.2k Charlottesville MSA Employment	▲	▲
2.6% Charlottesville MSA Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

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ECONOMY: Consistent Gains

The Charlottesville area economy is continuing its climb after posting steady gains in employment since the start of 2021. After experiencing its highest unemployment rate on record of 10.2% in April 2020, Charlottesville employment has rebounded to near pre-pandemic levels of more than 116,000. Hotel occupancy increased more than 10% year-over-year (YOY) to 58.7% with a 29.3% increase in room demand reported.

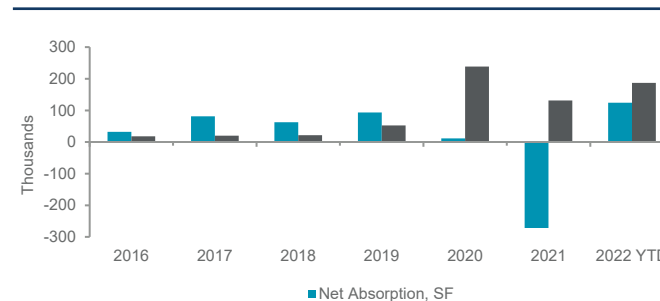
SUPPLY and DEMAND: Trending Positive

In spite of an increase in the vacancy rates, the overall market is trending to the positive with construction and leasing activity both on the rise. Overall vacancy increased to 9.0% in the first quarter, up 60 basis points (bps) from the end of 2021 due to the addition of 359,000 square feet (sf) for sublease in the former State Farm regional office, which accounts for 46% of the total vacant available space. Apex Plaza delivered in the first quarter with a total of 187,000 sf. Home to Apex Clean Energy and The Southern Environmental Law Center among other tenants, the Class A facility is located steps from Charlottesville's Downtown Mall and is the region's most sustainable building, offering a mix of office and retail space. The CODE Building has also been completed, adding 110,000 sf to the inventory, and includes a mix of coworking space and traditional office for lease. The quarter closed with an overall increase in leasing activity YOY, a trend which is forecast to continue through the year.

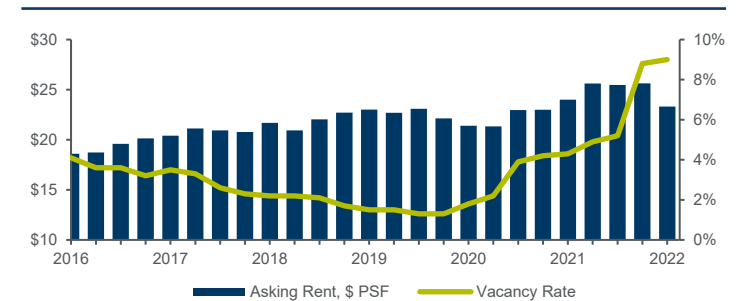
PRICING: Record Highs

With multiple projects under construction or completing and additional office projects planned for 2023, rents are continuing to trend upward. Overall market rents reached north of \$26 per square foot (psf), a historic high, and downtown Class A office rents are averaging north of \$35 psf. New product delivered since 2020 and projects currently under construction account for nearly 9% of the market's total inventory at approximately 770,000 sf with plans for an additional 325,000 sf in the pipeline.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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